

Opener Question(regular deposit)

Solve using TVM Solver

9. At the end of every 6 months, Marcia deposits \$100 in a savings account that pays 4%/a compounded semi-annually. She made the first deposit when her son was 6 months old, and she made the last deposit on her son's 21st birthday. The money remained in the account until her son turned 25, when Marcia gave it to him. How much did he receive?

Use TVM Solver to determine her savings at age 21

N=

I%=

PV=

PMT=

FV=

P/Y=

C/Y=

PMT= END

Jan 6-7:56 AM

Opener Question(regular deposit)

Solve using TVM Solver

9. At the end of every 6 months, Marcia deposits \$100 in a savings account that pays 4%/a compounded semi-annually. She made the first deposit when her son was 6 months old, and she made the last deposit on her son's 21st birthday. The money remained in the account until her son turned 25, when Marcia gave it to him. How much did he receive?

Use TVM Solver to determine her savings at age 21

N=

I%=

PV=

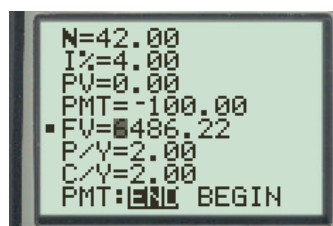
PMT=

FV=

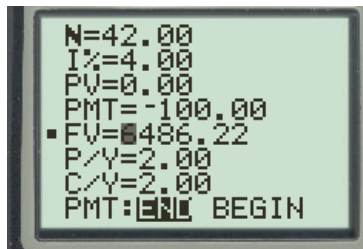
P/Y=

C/Y=

PMT= END



Jan 6-7:56 AM



Nov 30-1:16 PM

Use TVM Solver to determine her savings at age 25

N=

I%=

PV=

PMT=

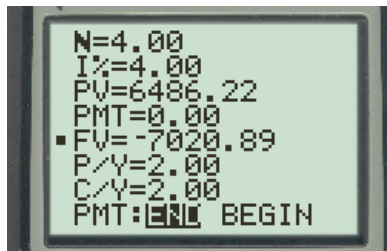
FV=

P/Y=

C/Y=

PMT= END

Nov 29-9:58 AM



Nov 30-1:20 PM

Use TVM Solver to determine her savings at age 25

N=

I%=

PV=

PMT=

FV=

P/Y=

C/Y=

PMT= END

Nov 29-9:58 AM

Need to Know

- The TVM Solver can be used to investigate the effects of changing the conditions when borrowing or investing.
- **ΣInt** is a financial function that may be used after entering information in the TVM Solver. **ΣInt** is used to calculate the total interest paid from a starting payment number to an ending payment number.

Jun 2-8:00 AM

6. Bernice will repay a \$30 000 loan with monthly payments. The term of the loan is 5 years. The interest rate is 7.25%/a compounded monthly.
- a) What is the monthly payment for this loan?
 - b) What is the outstanding balance on the loan after each of the first 5 years?
 - c) What is the interest and principal that she has paid at the end of the 5-year term?

Use TVM Solver to determine her monthly payment

N=

I% =

PV =

PMT =

FV =

P/Y =

C/Y =

PMT = END

Jun 2-8:02 AM

6. Bernice will repay a \$30 000 loan with monthly payments. The term of the loan is 5 years. The interest rate is 7.25%/a compounded monthly.
- What is the monthly payment for this loan?
 - What is the outstanding balance on the loan after each of the first 5 years?
 - What is the interest and principal that she has paid at the end of the 5-year term?

Use TVM Solver to determine her monthly payment

N=

I% =

PV =

PMT =

FV =

P/Y =

C/Y =

PMT = END

Jun 2-8:02 AM

7. If \$1000 is deposited at the end of each year in an account that pays 13.5%/a compounded annually, about how many years will it take to accumulate to \$20 000?

Use TVM Solver to determine the number of deposits

N =

I% =

PV =

PMT =

FV =

P/Y =

C/Y =

PMT = END

Jun 2-8:03 AM

7. If \$1000 is deposited at the end of each year in an account that pays 13.5%/a compounded annually, about how many years will it take to accumulate to \$20 000?

Use TVM Solver to determine the number of deposits

N=

I%=

PV=

PMT=

FV=

P/Y=

C/Y=

PMT= END

Jun 2-8:03 AM

8. Jack's life savings total \$320 000. He wants to use the money to buy an annuity earning interest at 10%/a compounded semi-annually so that he will receive equal semi-annual payments for 20 years. How much is each payment if the first is 6 months from the date of purchase?

Use TVM Solver to determine his monthly payment

N=

I%=

PV=

PMT=

FV=

P/Y=

C/Y=

PMT= END

Jun 2-8:03 AM

8. Jack's life savings total \$320 000. He wants to use the money to buy an annuity earning interest at 10%/a compounded semi-annually so that he will receive equal semi-annual payments for 20 years. How much is each payment if the first is 6 months from the date of purchase?

Use TVM Solver to determine his monthly payment

N=

I% =

PV=

PMT=

FV=

P/Y=

C/Y=

PMT= END

Jun 2-8:03 AM

Annuity Problems

Hmk. Handout

p.518-519 q. 4,5,9,10,13

May 20-8:42 AM

Savings Concepts

RRSPs = registered retirement savings plans - 13%

10%
- tax refund

RESPs - education
- top up investment

- taxable
- education

TFSAs - tax free savings account
\$5500/yr

Compound Interest

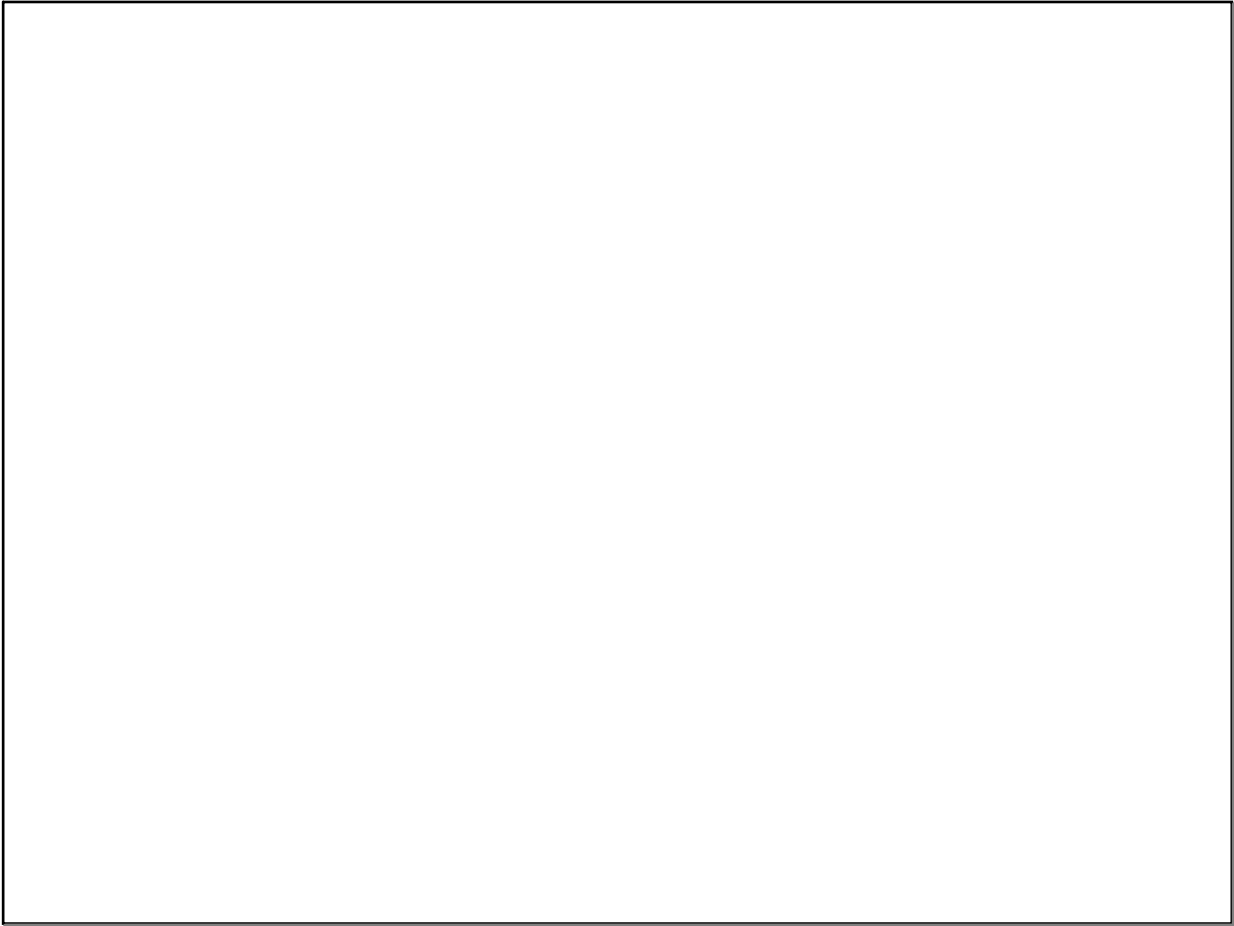
Dec 1-1:06 PM

Dollar Cost Averaging

Investing small amounts in the stock market to take advantage of the ups and downs of the market

↓ risk

Dec 1-1:19 PM



Dec 1-1:30 PM